GOVERNMENT OF INDIA
STATISTICS AND PROGRAMME IMPLEMENTATION
LOK SABHA

UNSTARRED QUESTION NO:3290
ANSWERED ON:15.04.2002
QUARTERLY PERFORMANCE REVIEW OF PROJECTS
NEDURUMALLI JANARDHANA REDDY

Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether the Union Government propose to introduce quarterly performance review of various Government approved projects and schemes;

(b) if so, whether a large number of approved projects and schemes are facing cost escalation;

(c) if so, the reasons therefor; and

(d) the extent to which the said quarterly review is going to help in completion of project within the stipulated period and without any cost escalation?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATIO
(SHRIMATI MANEKA GANDHI)

(a) Review of Central Sector Projects on quarterly basis is already being done in the concerned administrative Ministry. In addition, the Planning Commission has introduced quarterly performance review recently.

(b) & (c) As on 31st December,2001, out of 458 projects, 208 projects have reported cost overrun of 70.3 % with respect to the original approved cost. The reasons for cost escalation include:

i) changes in rates of foreign exchange and other statutory duties;
ii) high cost of environmental safeguards and rehabilitation measures for project affected people;
iii) high cost of land acquisition;
iv) change in the scope of project;
v) initial underestimation of the original project cost;
vi) higher prices being quoted by the bidders for certain turnkey packages and equipment; and
vii) general inflation.

(d) The quarterly review of the project enables the Government to identify the constraints and helps them to resolve the problems affecting the implementation of the projects. In-depth critical review of the progress by the Administrative Ministry with the Project Authorities and follow up with the State Governments for acquisition of land as also provision of infrastructure facilities at project site, enables the Government to minimise delays and cost overruns in completing the projects. The additional review by the Planning Commission would focus on availability of funds.